SAT

San Antonio International Airport

VISION 2050

A Flight Plan for San Antonio's Future

Briefing for:

Ad Hoc Regional Committee

Technical Advisory Committee

Community Advisory Committee

Meeting #2

February 22-23, 2010

AECOM

AECOM

in association with:

Jacobs Consultancy

Michael Gallis & Associates

Sunland Group

KGB Texas

SAN ANTONIO AIRPORT SYSTEM

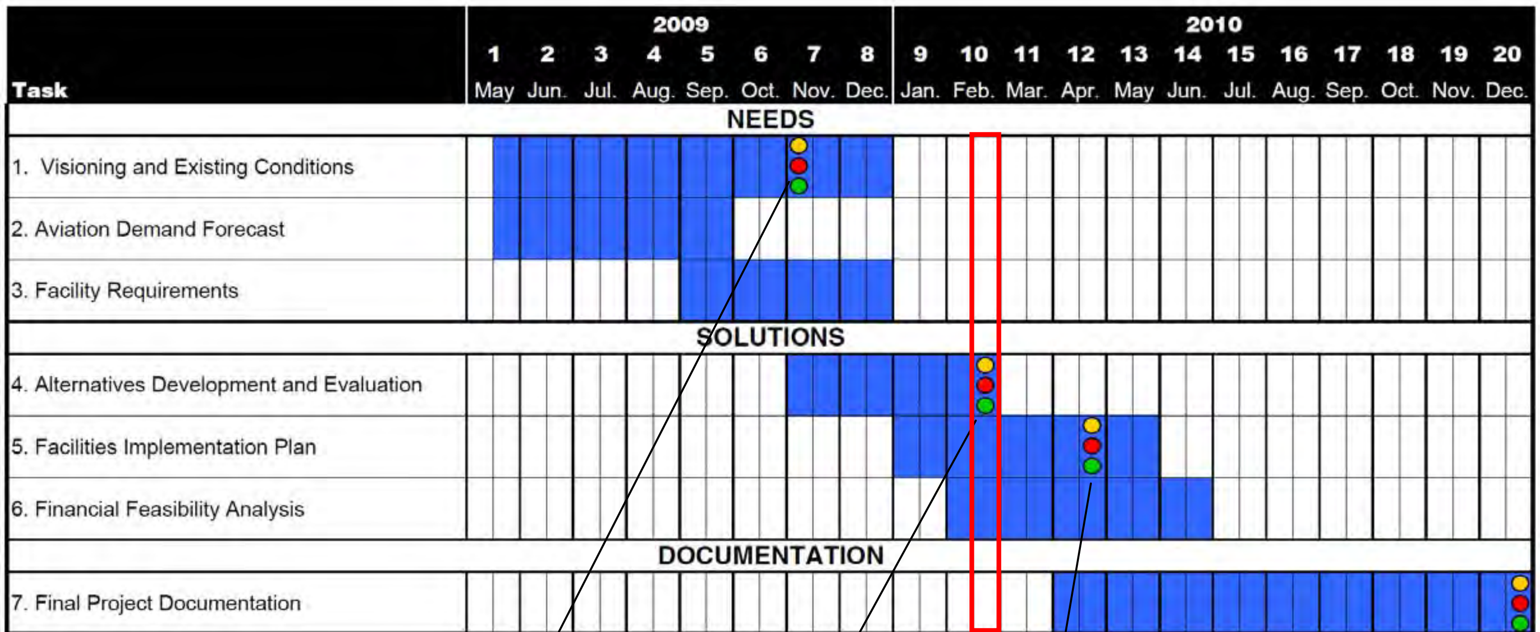
Agenda

- The Aviation Industry and SAT’s Place within It
- Policy Trends and the Implications for SAT
- Financial and Operational Benchmarking
- Development Constraints and Opportunities
- Facility Requirements
- Goals and Objectives
- Use of Goals and Objectives in Alternatives Evaluation
- Conclusions and Project Next Steps

Follow-Up to November Meetings

- **Benchmarking**
  - Committee members requested benchmarking information comparing SAT to similar airports
    - → The Team assembled facilities and financial benchmarking data for review
- **Goals & Objectives**
  - Committee members provided input on goals and objectives for the Airport
    - → Initial categories for the goals and objectives were revised in response to committee feedback (eight final categories)
    - → Input from the committees was integrated to form an initial draft of the goals and objectives

Project Schedule Summary



Now

Legend:
- Project Task Duration
- Ad-Hoc Regional Committee
- Technical Advisory Committee Meeting
- Community Advisory Committee Meeting

Project Introduction, Goals & Objectives

Goals & Objectives, Facility Requirements

Alternatives Analysis, Recommended Concept

Recommended Plan, Financial Feasibility, Final Vision

The Aviation Industry and SAT's Place within It

U.S. Aviation Traffic Shows Signs of Improvement

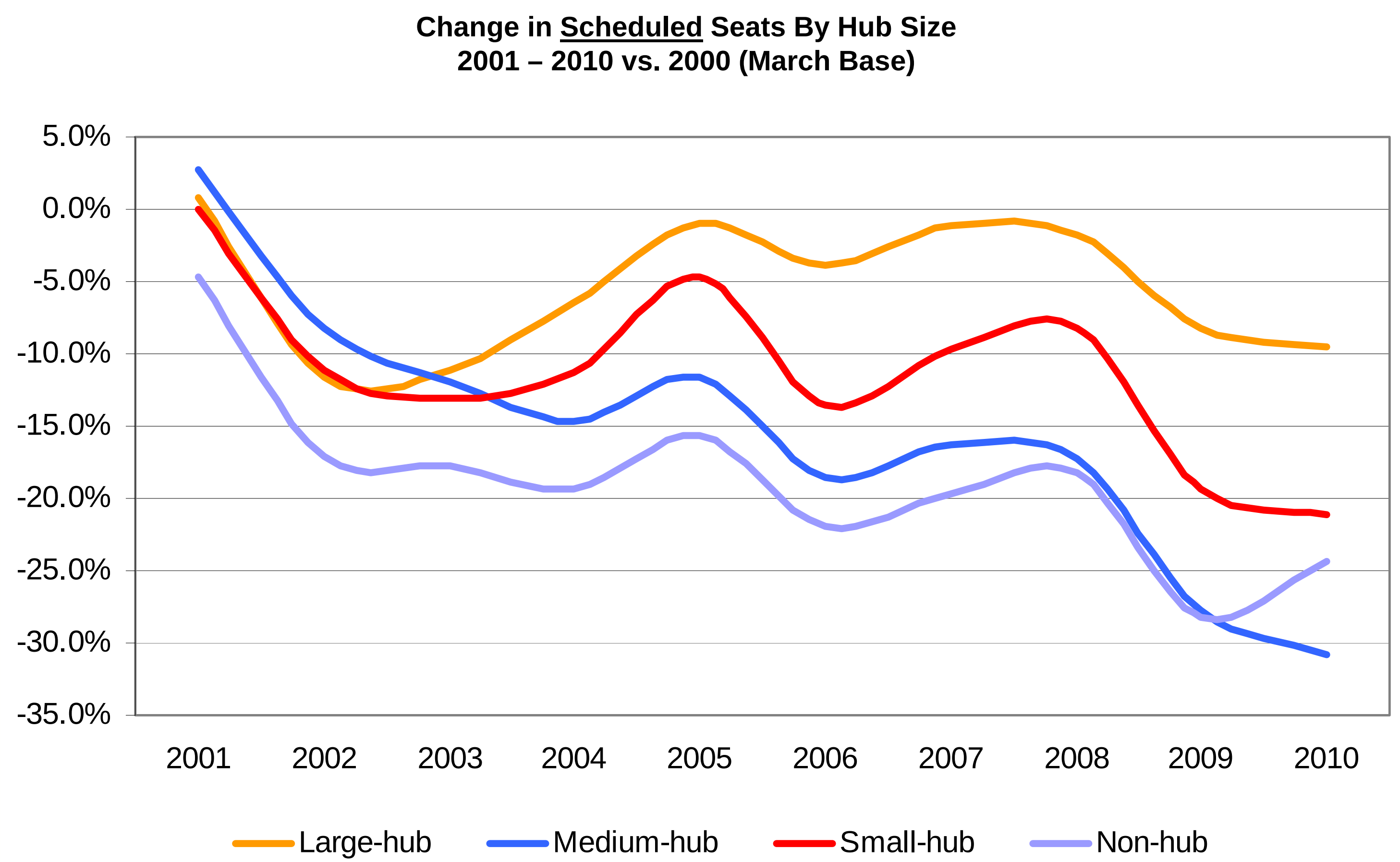



	November 2009 vs. November 2008	November 2009 (YTD) vs. November 2008 (YTD)
Total Passengers	**1.6%**	**-5.7%**
Domestic Passengers	**2.1%**	**-5.5%**
International Passengers	**-2.3%**	**-6.8%**
Flights	**-1.9%**	**-6.9%**
Available Seat Miles	**-3.5%**	**-6.6%**
Load Factor	**+3.5 pts.**	**+0.8 pts.**
Flight Stage Length	**-0.4%**	**-0.2%**

Source: U.S. Department of Transportation, Bureau of Transportation Statistics

The fourth quarter was a marked improvement over the first half of 2009. The question is how sustained is the economic growth and does the economy permit air carriers to add markets and capacity?

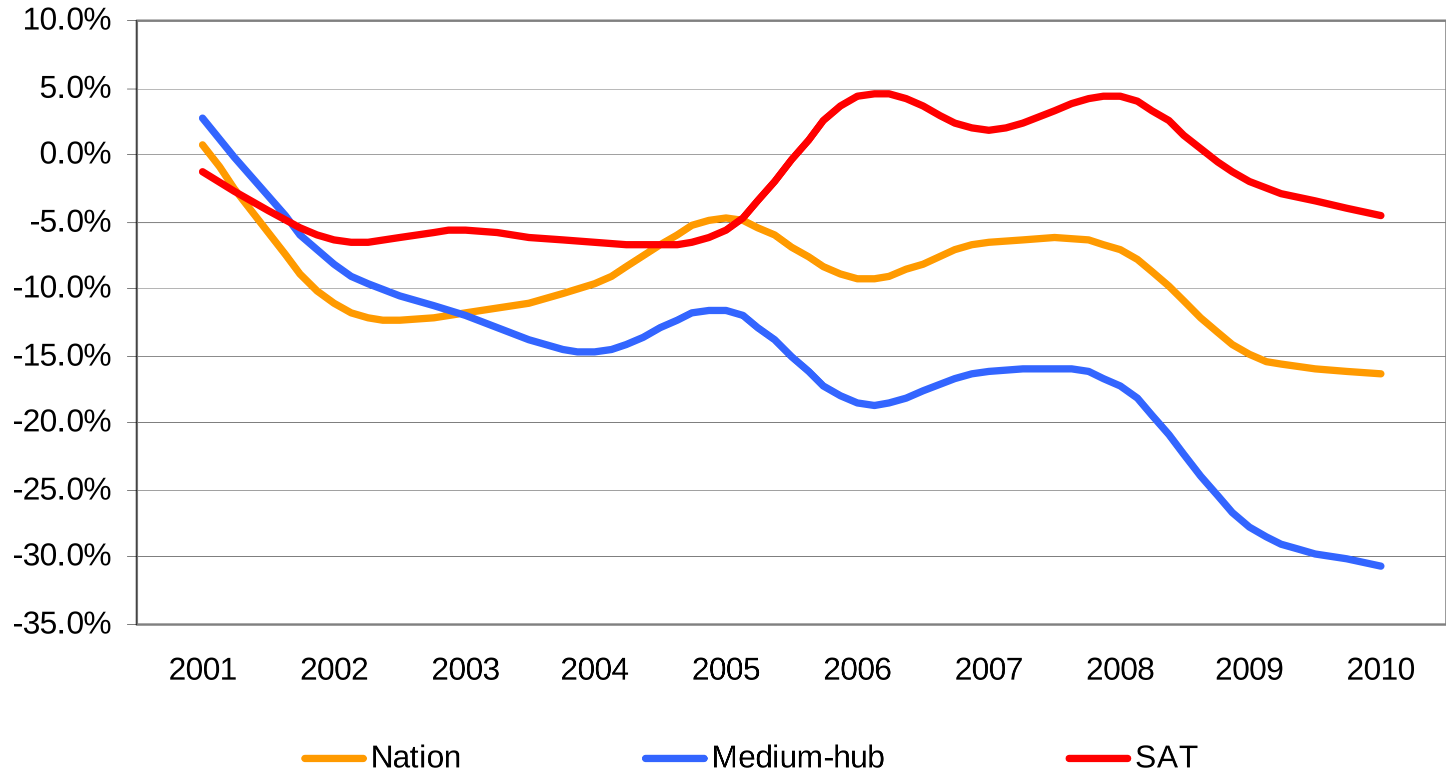
Air Carriers are Still Restraining Capacity



The Spring schedules continue to show that air carriers are restraining capacity, attempting to keep yields up. While the GDP 5.7% 4Q growth will help, we do not yet know the recovery is here for good.

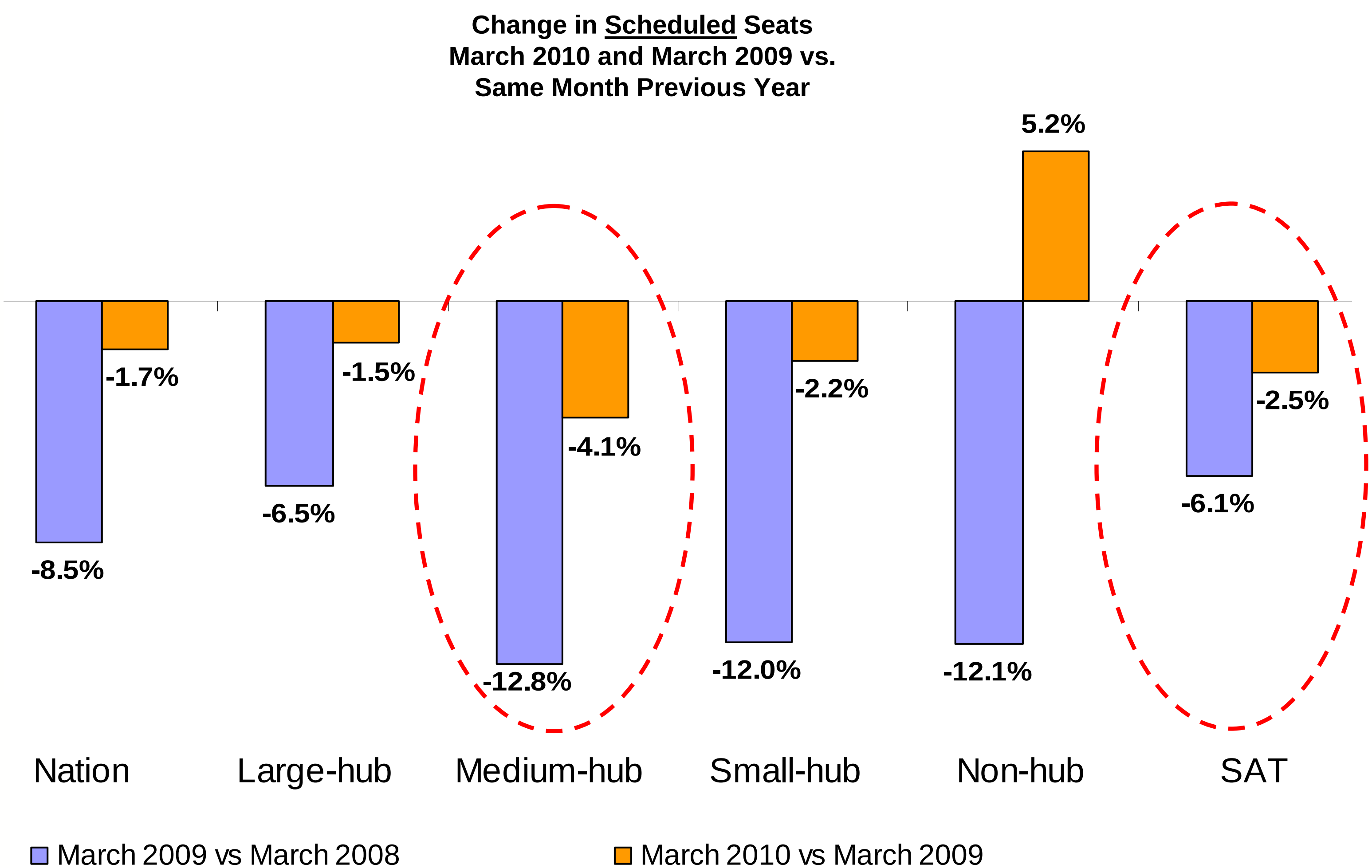
SAT has Experienced Less Capacity Reductions than Other Medium Hubs

Change in Scheduled Seats
Nation, Medium-Hubs and SAT
2001 – 2010 vs. 2000 (March base)



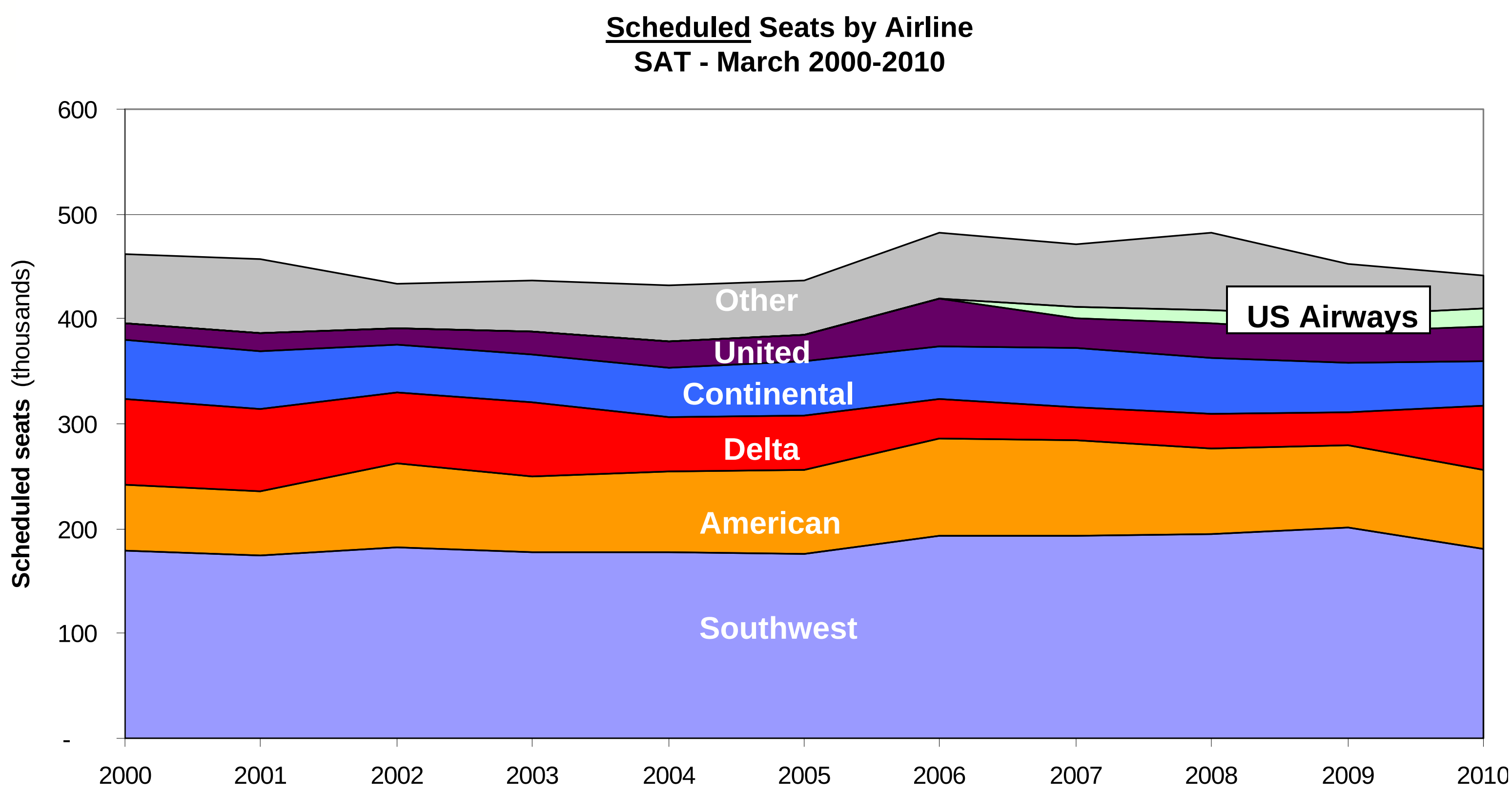
While SAT has seen capacity reductions like the vast majority of airports, it continues to outperform other medium-hubs because of Southwest's presence and the power of its market.

SAT's Market Stronger than Medium Hubs



SAT's outperformance of medium-hubs overall continues in 2010.

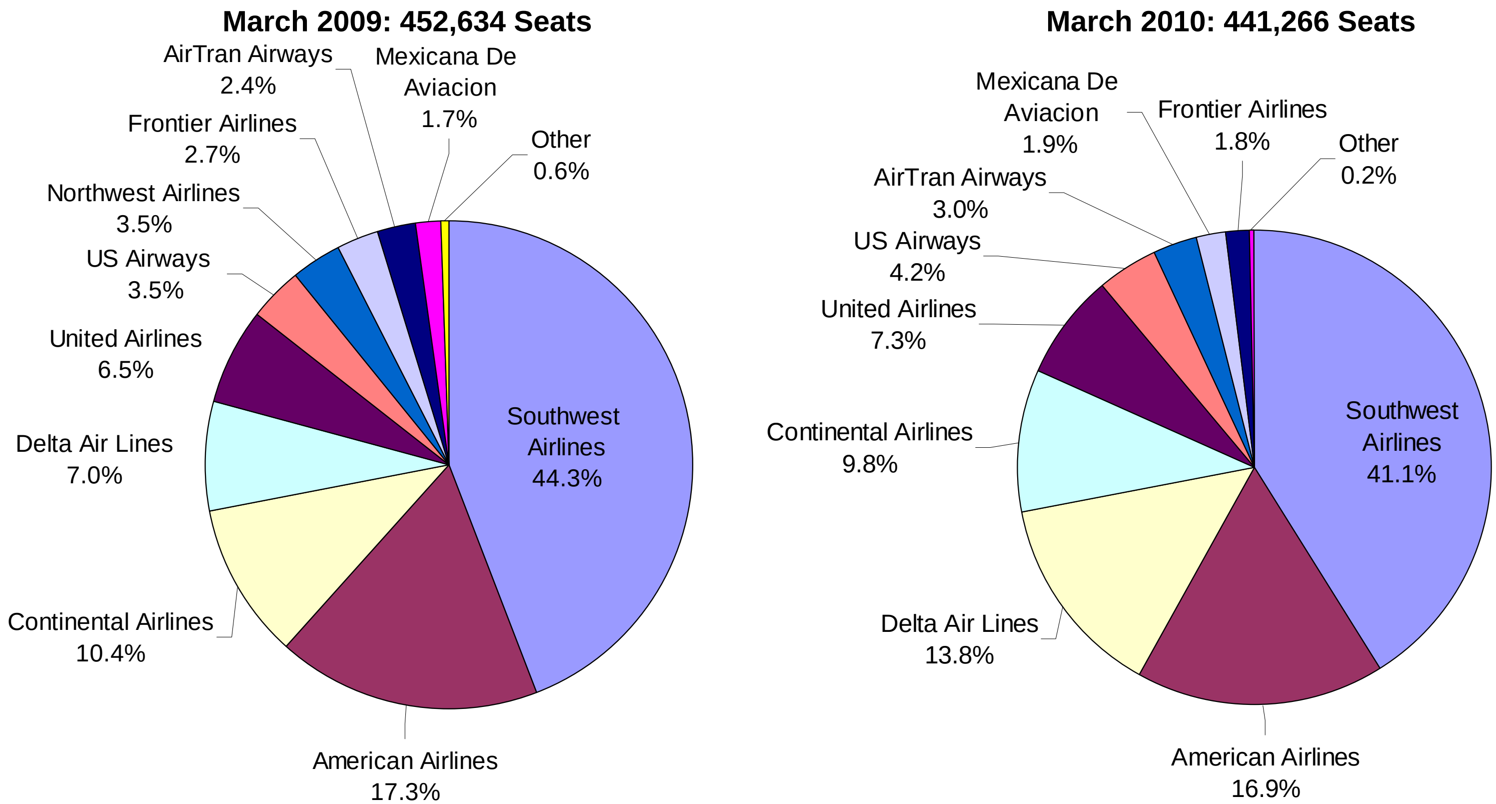
SAT Air Service Mix Is Remarkably Steady



The strong presence of Southwest and two home-state network carriers has resulted in a remarkably steady air service pattern even over the industry's most tumultuous decade.

SAT Airlines Share of Seats 2009 and 2010

Airlines Share of Scheduled Seats
SAT - March 2009 and 2010



The Delta Air Lines number for 2010 reflects the merger of Delta and Northwest. Further changes in air carrier service from consolidation and new code-shares are likely in 2010 and beyond.

The State of the Economy: Impact on the Aviation Industry




- Short-term passenger and freight demand will be highly dependent on the pace of economic recovery and consumer spending.
- The Federal Reserve has kept interest rates low to stimulate borrowing and shore up the housing market. When that policy turns to fighting inflation, look for the dollar to strengthen. Opportunity for airports to tap the tax-exempt market.
- Given the unemployment rate, the Obama Administration and House Democrats are looking at a 2nd stimulus bill for quick, job-producing programs and projects.
- The budget deficits are unsustainable and will force a retrenchment of federal spending once the economy is clearly in a sustained recovery. Together with new commitments to public transportation, the fiscal environment will be challenging; yes even for airports.

The State of the Airlines 2010: Results and Forecasts

Bears point to:

- Passenger and cargo traffic falling with the economy. Sustained recovery remains uncertain.
- U.S. air carriers' 2009 capacity reductions were the greatest since 1942 and occurred across all airports for both domestic and international traffic.
- Capacity reductions outpacing demand, resulting in a drop in airline yields. Industry lost $11 billion in 2009, and is forecasted to lose nearly $6 billion in 2010.

Bulls cite:

- Southwest, Alaska and AirTran profitable for the 4Q 2009.
- Cost reductions position carriers for future profitability.
- Jet fuel's price has fallen to an average of just over $70 a barrel for 2009, saving the industry $37 billion vs. 2008.
- Airlines continue to raise fees for checked baggage, premium seats, food, alcohol, advanced boarding, etc. For United and American, these fees now constitute between 7.5% and 10% of overall revenues.

The State of Airports 2010: Managing but with Lower Margins

Issues for Airports:

- Transportation credits expected to be more stable in 2010, with airports experiencing the most pressure due to high unemployment in the U.S. and travel demand below pre-recession levels.
- Decline in passenger volume appears to be bottoming out
- Business and leisure travelers still sensitive to price increases
- Industry consolidation remains a risk

Airport Response:

- Airports have cut costs, utilizing the balance sheet to ease the growth in airline use and lease payments and deferring capital spending
- Net margins and debt service coverage have narrowed
- Management actions have mitigated the impact

Conclusion:

- The U.S. airport industry, and thus credit quality remains in a state of flux

Source: The World According to Fitch December 17, 2009 Fitch Ratings Press Release

Policy Trends and the Implications for SAT

What’s New? The Obama Administration and its Transportation Policy Agenda

1. **Prioritizes public transportation** (mass transit, rail)
2. **Believes in infrastructure spending** (link to economy, job creation)
3. **Committed to policies counteracting climate change** (cap-and-trade and Copenhagen)
4. **Supportive of organized labor issues** (controllers, screeners, firefighters, NMB, liberalization)
5. **Established strong consumer and passenger focus** (could become <u>very</u> significant once airport congestion returns)
6. **Reviewing FAA organization, air traffic, and safety** (Administrator Babbitt looking to organizational reform)
7. **Still figuring out DHS/TSA and security regulations** (first transition for new department, ongoing events)




Five Principles to Shape Management's Strategic Approach

1. **Traffic and Capacity Uncertain**: Consumer spending still soft even with the recent upturn in the economy. Carriers cautious about expanding capacity.
2. **Carriers' Uncertain Financial State:** Most air carriers are highly leveraged making them highly vulnerable to another spike in jet fuel prices, a soft recovery and other external shocks.
3. **FAA Industry Funding:** Even with stimulus, AIP entitlements will remain steady but not increase appreciably. Implementation of a PFC increase is at minimum a year away.
4. **FAA View of SAT:** In the past, the Airport has been identified by the FAA as a capacity constrained, priority airport.
5. **Self-Sufficiency**: The Airport should remain prudent, restrain costs and focus on non-aeronautical revenues. Self-sufficiency is an important priority.

Financial and Operational Benchmarking

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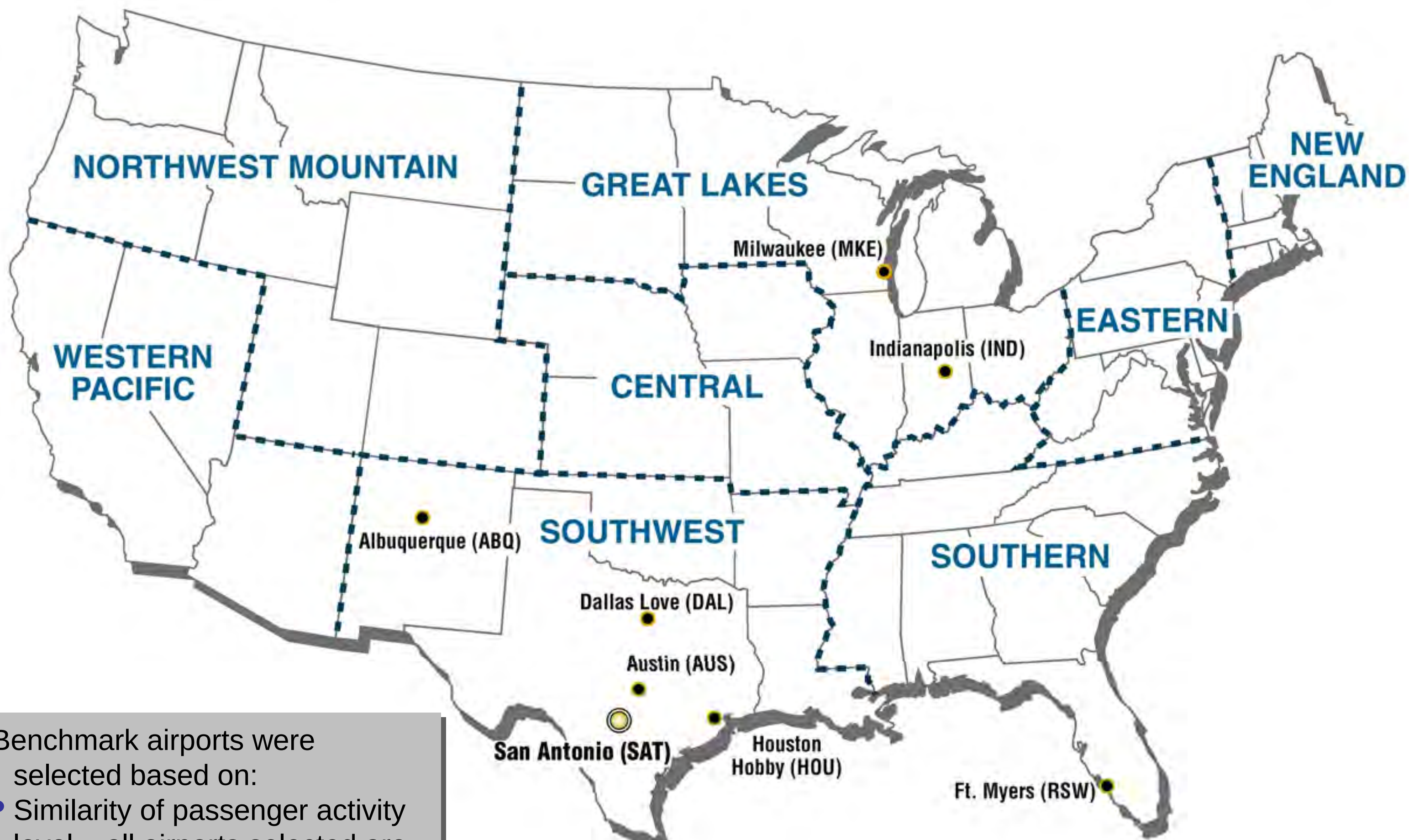
Benchmark Airports



Benchmark airports were selected based on:

- Similarity of passenger activity level – all airports selected are medium hubs
- Geographic location – most airports selected are in the FAA Southwest Region

SAN ANTONIO AIRPORT SYSTEM




Benchmark Data

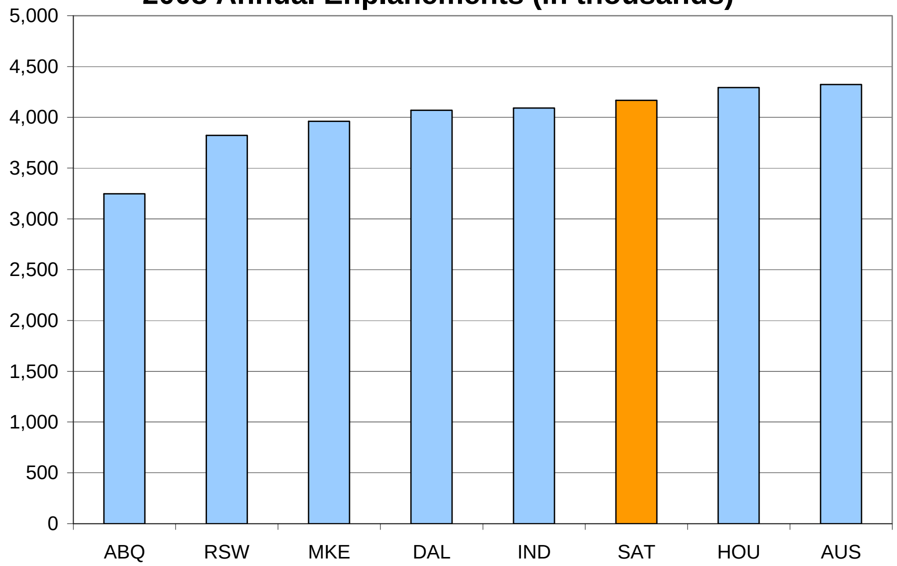
	SAT	ABQ	AUS	DAL	HOU	IND	MKE	RSW	*Average*
Airport Activity									
2008 Annual Enplanements	4,167,000	3,247,000	4,322,000	4,069,000	4,292,000	4,091,000	3,960,000	3,822,000	*3,996,000*
2008 Annual Aircraft Operations	216,500	185,500	216,700	230,900	223,600	201,700	193,200	90,700	*194,900*
Airport Acreage									
Airport Acreage	2,380	2,040	4,240	1,300	1,300	7,700	2,390	3,430	*3,100*
Airfield Facilities									
Number of Runways	3 (1 GA)	4 (1 GA)	2	3 (1 GA)	4 (2 GA)	3	5	1	*3*
Longest Runway Length (in ft)	8,500	13,800	12,300	8,800	7,600	11,200	10,700	12,000	*10,600*
Annual Service Volume	374,000	345,000	490,000	334,000	242,000	580,000	350,000	205,000	*365,000*
Terminal Facilities									
Number of Terminals	1	1	1	1	1	1	1	1	*1*
Terminal Size (in sq. ft)	637,000	574,000	674,000	614,000	937,000	1,200,000	777,000	798,000	*776,000*
Number of Gates	24	23	25	22	36	40	42	28	*30*
Gate Productivity (in daily turns per gate)	5.7	5.4	5.8	6.7	4.3	4.4	5	3.6	*5.1*
Passenger Terminal Productivity (in annual passengers per sq. ft)	6.5	5.7	6.4	6.6	4.6	3.4	5.1	4.8	*5.4*
Annual Enplanements per Gate	173,600	141,200	172,900	185,000	119,200	102,300	94,300	136,500	*140,600*
Financial									
Cost per Enplanement	4.96	8.23	8.1	1.64	8.4	7.26	4.82	7.49	*6.86*
Landing Fee	1.71	2.45	3.22	1.25	2.32	1.95	2.89	2.98	*2.35*

Notes:
- Airport activity: 2008 data
- Airfield and terminal facilities: existing as of December 2009
- Financial: CPE for FY 2009, landing fees for FY 2009-2010 (except RSW land fee, dated FY 2008)

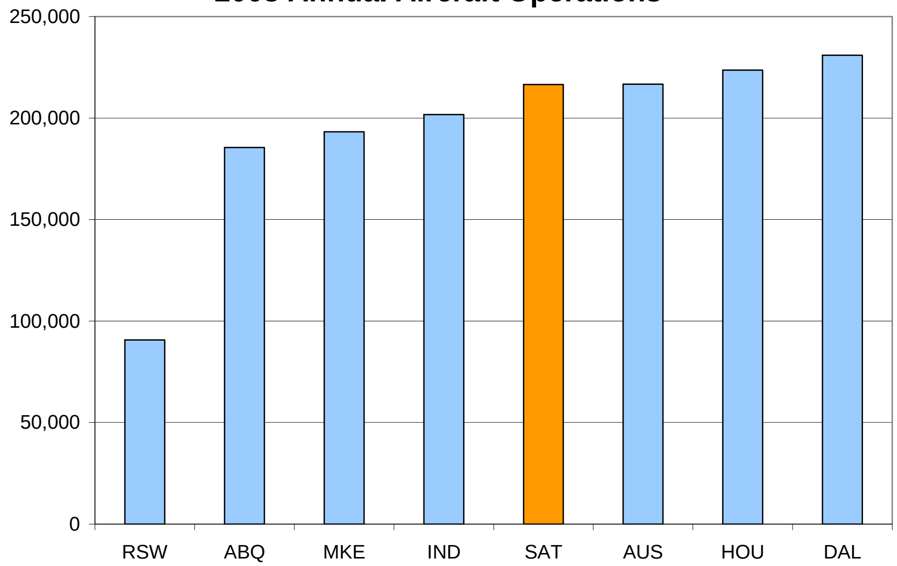
Airport Activity



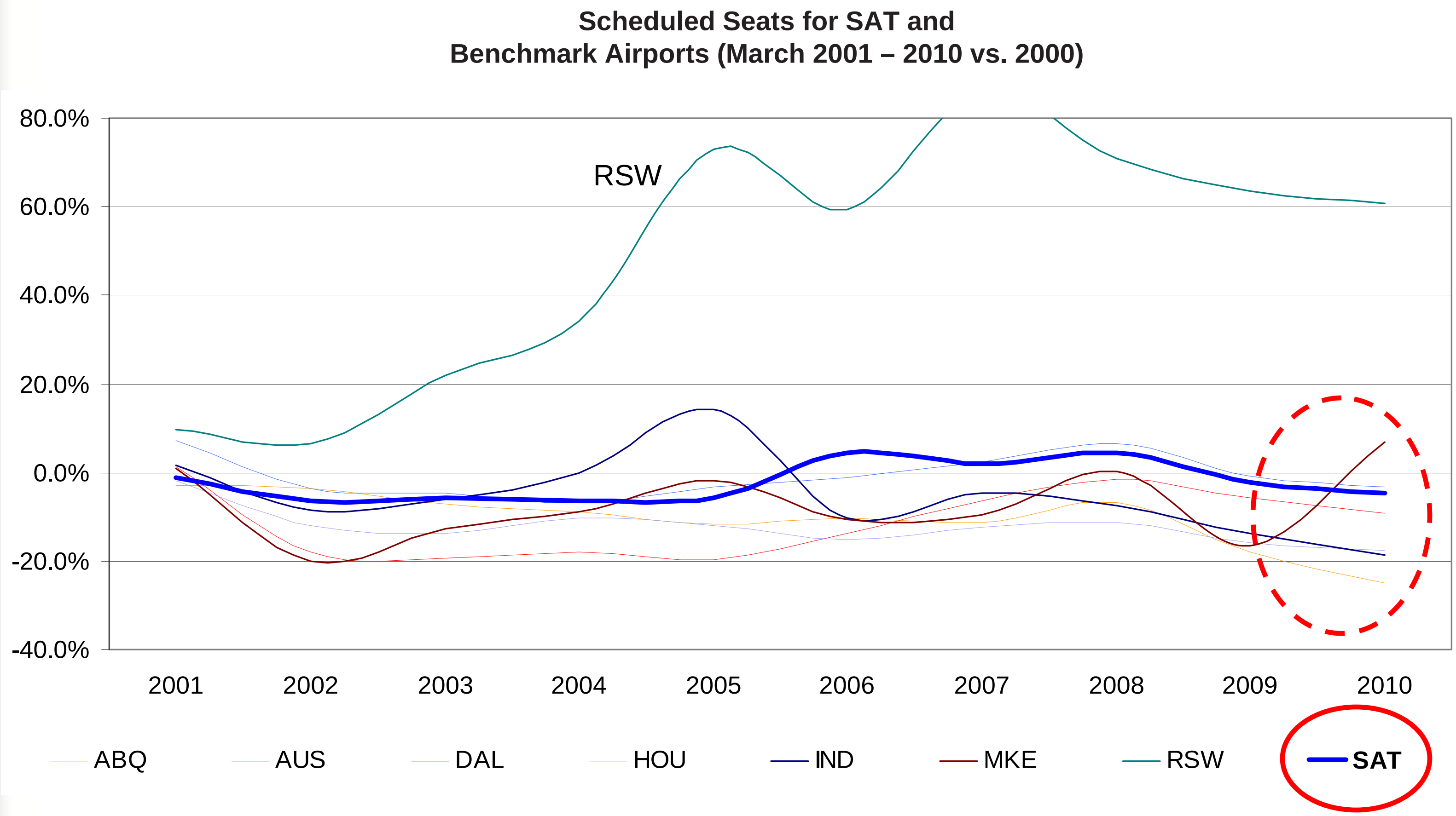

2008 Annual Enplanements (in thousands)



2008 Annual Aircraft Operations



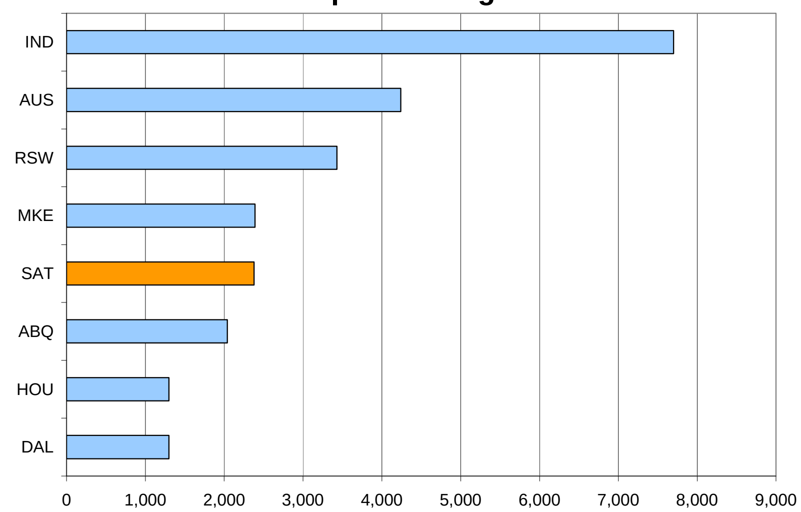
Air Service Trends



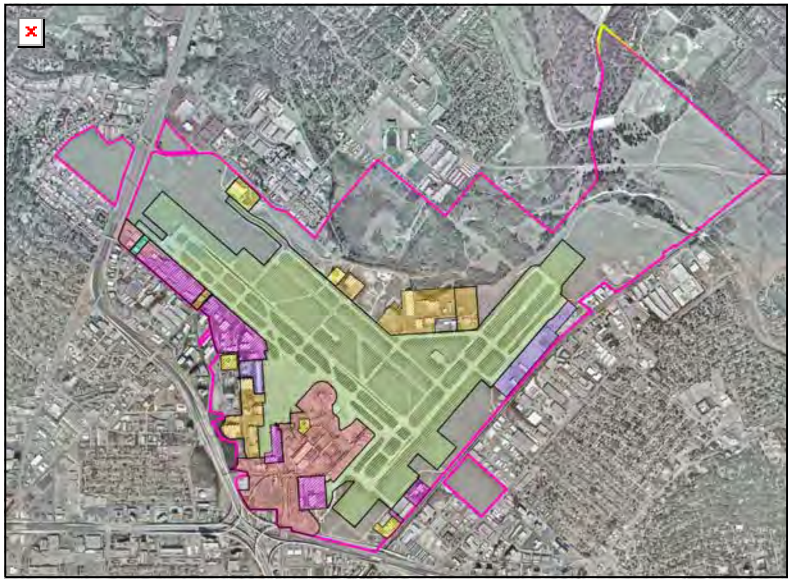
SAT's scheduled seats have been steady over time and have held up against its benchmarked airports.




Airport Acreage

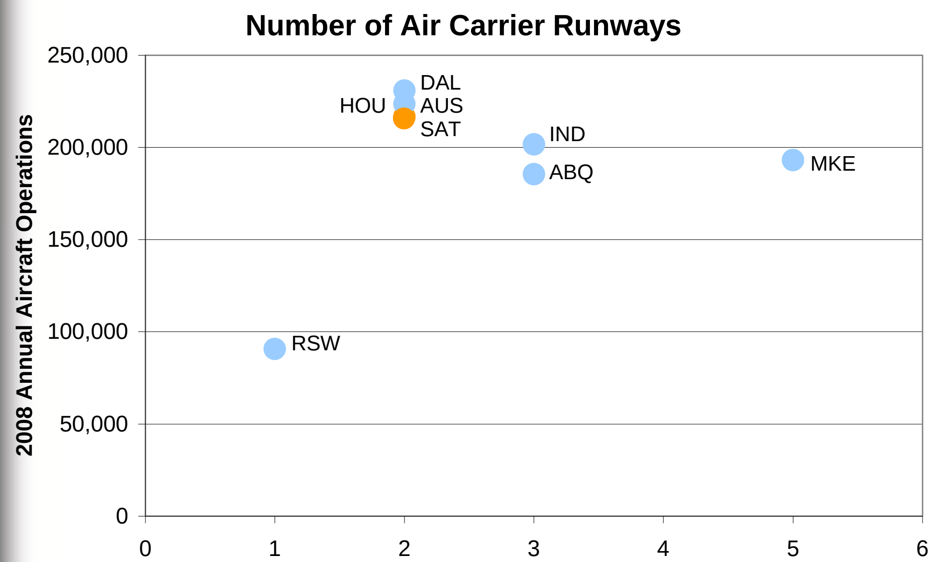


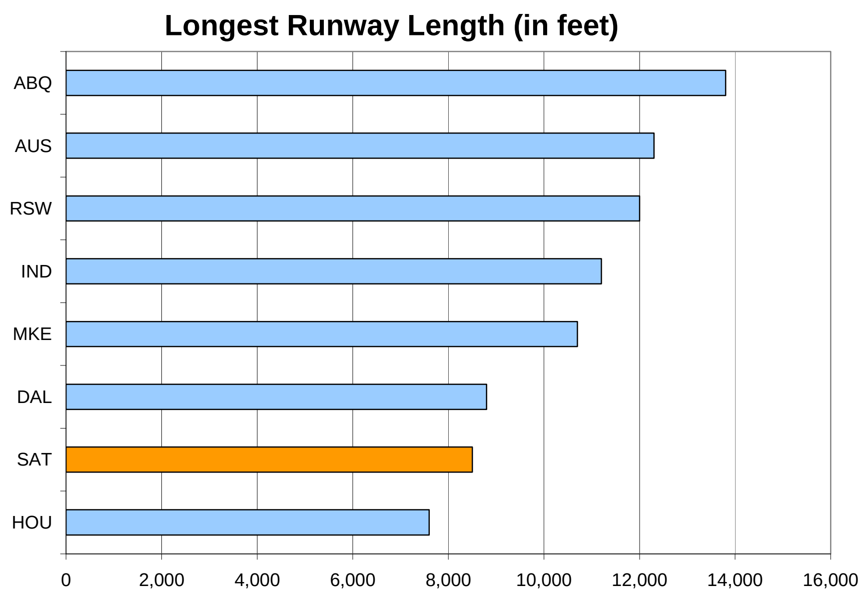
- SAT has limited acreage compared to other airports with similar level of passenger activity.



- 2,380 acres total, including:
  - Airfield: 741 ac.
  - Passenger terminal area: 143 ac.
  - Cargo: 42 ac.
  - General aviation: 95 ac.
  - Aircraft maintenance/manufacturing: 112 ac.
  - Support facilities: 22 ac.

Airfield Facilities

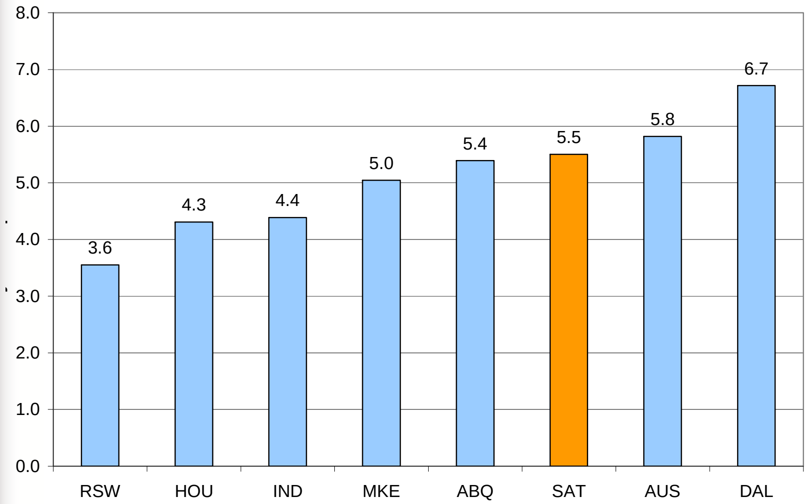




- Number of runways at SAT is consistent with other airports with similar levels of aviation activity
- Runways at benchmark airports are typically longer than at SAT, except for airports offering only domestic destinations (DAL, HOU)

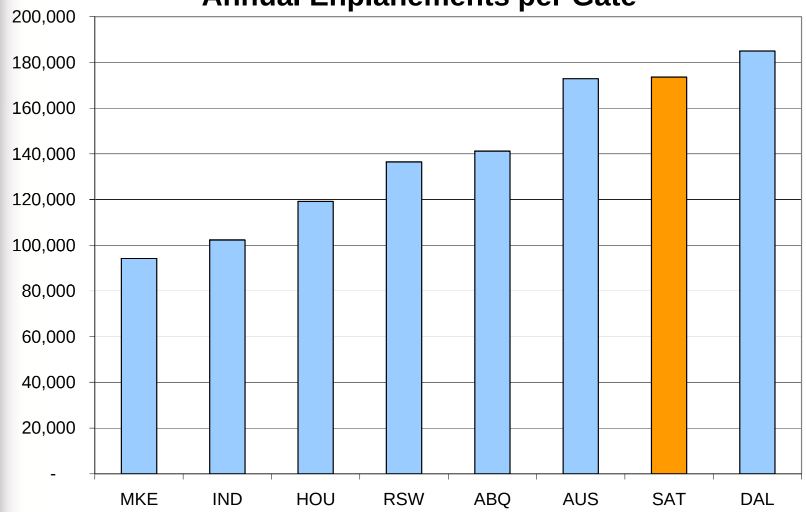
Terminal Facilities

Gate Productivity (in daily turns per gate)

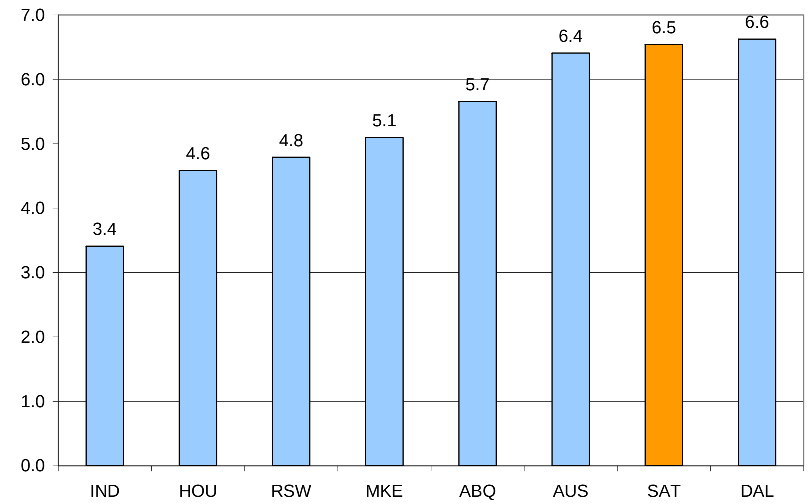


- In 2008, SAT had one of the highest gate productivity among the airports examined, which was partly due to Southwest being the major airline operating at SAT. 2010 productivity decreased following the decreased aviation activity due to economic downturn. The number of turns per gate in 2010 is 4.6.

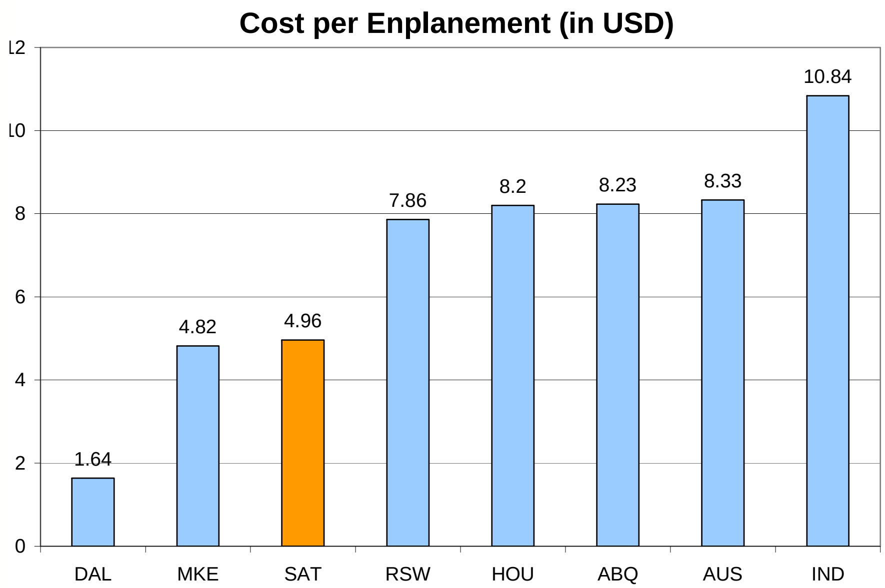
Annual Enplanements per Gate

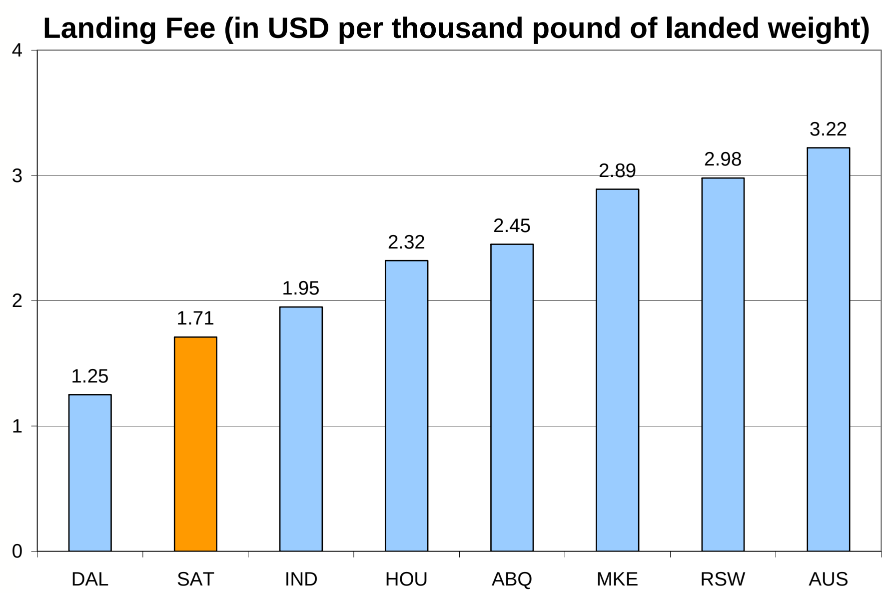


Passenger Terminal Productivity (in annual passengers per square foot of terminal)



Financial

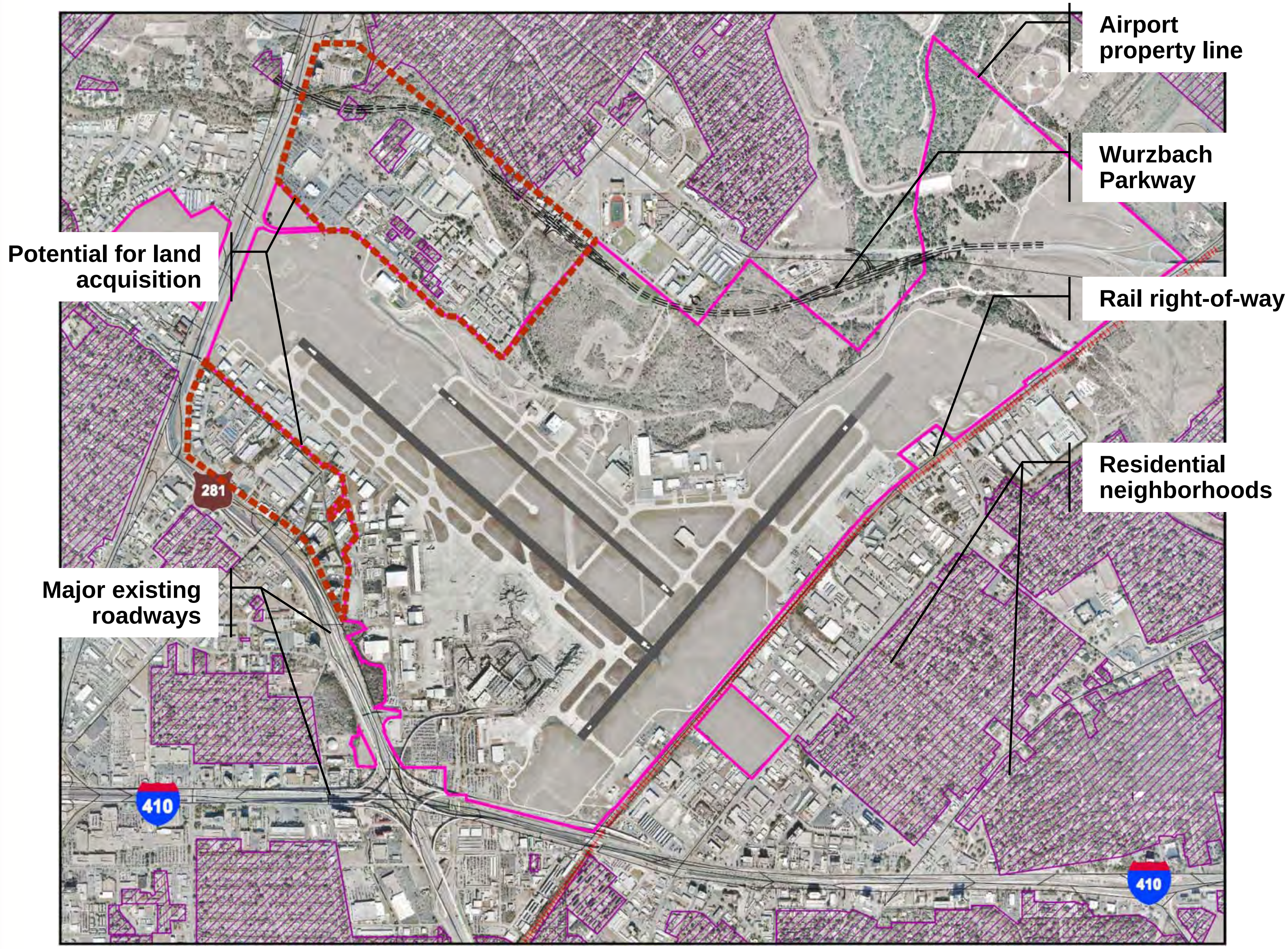




- SAT's cost per enplanement is lower than all except two airports (MKE and DAL)
- Many of the airports with higher CPEs have been involved in extensive capital improvements, such as RSW and IND
- It is not unreasonable to expect that SAT's CPE will increase as a result of planned capital projects at the Airport
- Landing fees at SAT are lower than at all other airports surveyed, with the exception of DAL
- Landing fees presented are for FY 2009, and FY 2010, with the exception of RSW, which is an FY 2008 figure. As a result, possible increases in landing fee rates due to lower landed weight figures, have been captured.

Development Constraints and Opportunities

Development Constraints - General



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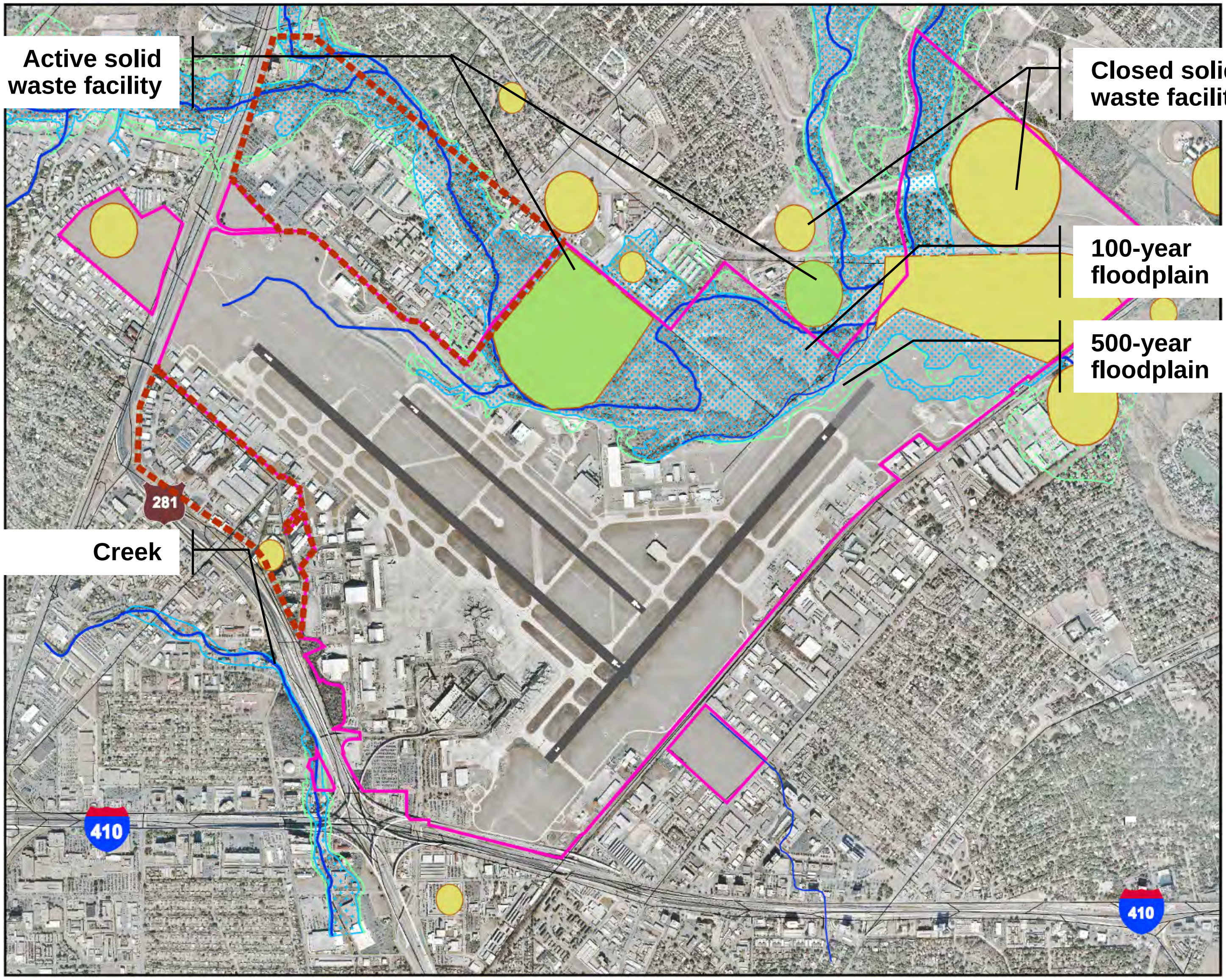
Development Constraints – Environment



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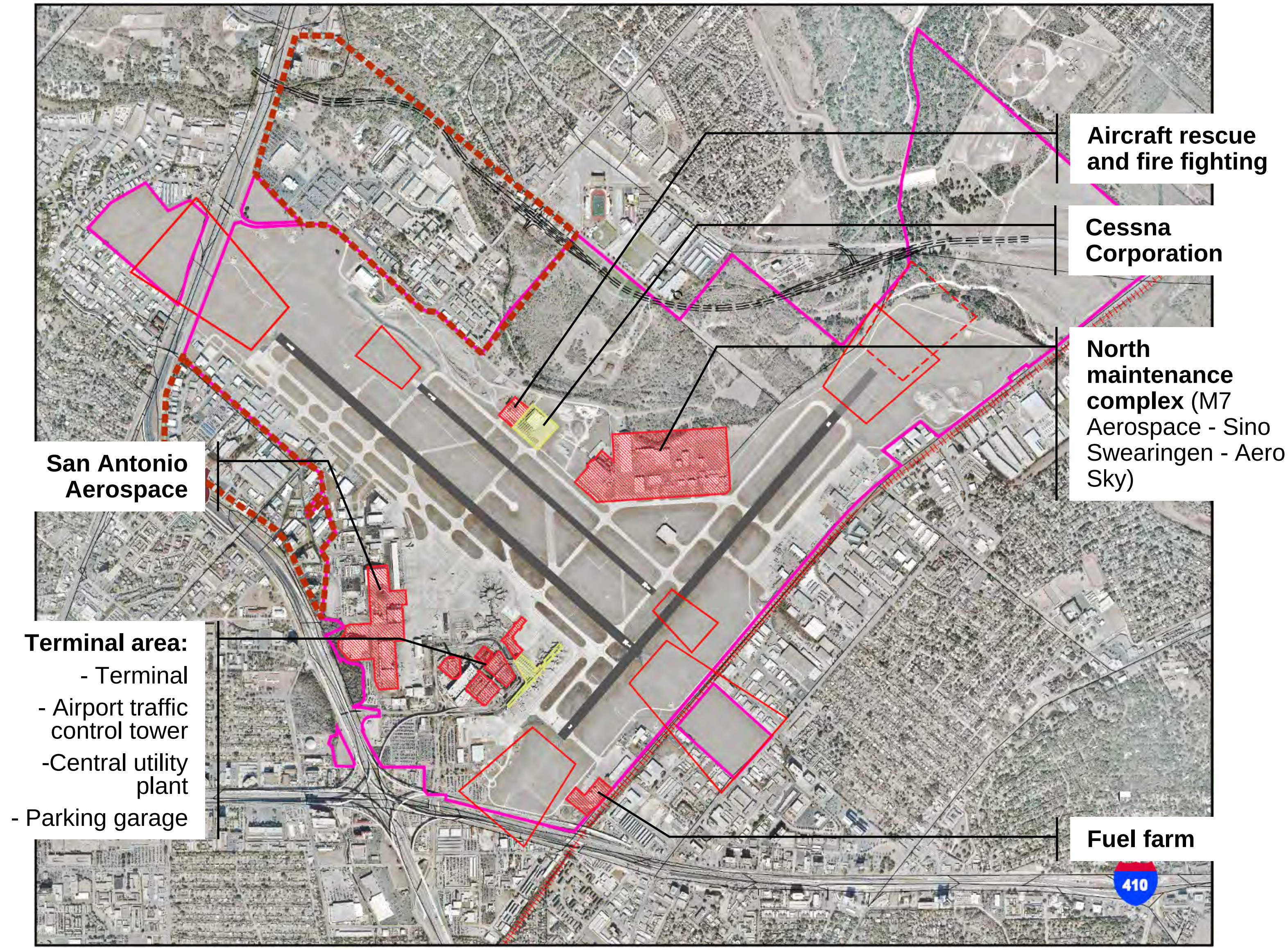
Development Constraints - Facilities

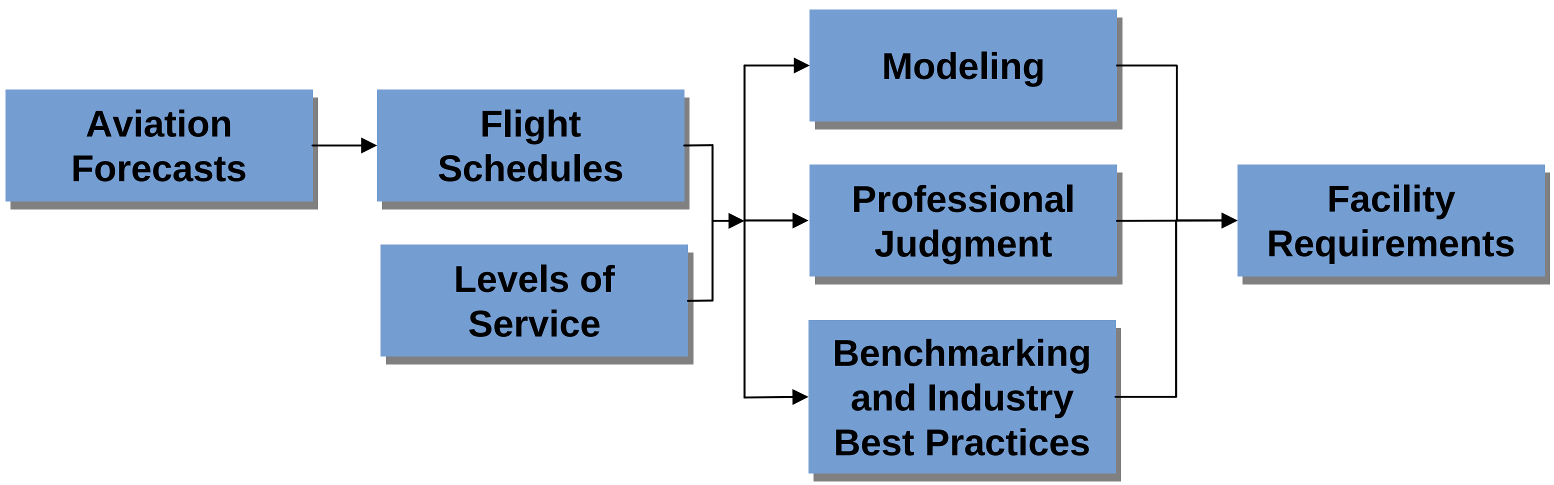





Facility Requirements

Facility Requirements

- **Objectives:**
  - Determine facilities and land areas required to meet forecast demand
  - Understand performance capabilities of key facilities
  - Establish basis for alternatives development and analysis
- **Information and analysis get supplemented with experience and judgment**






Functional Areas

- **Milestone years: 2010, 2015, 2020, and 2030**

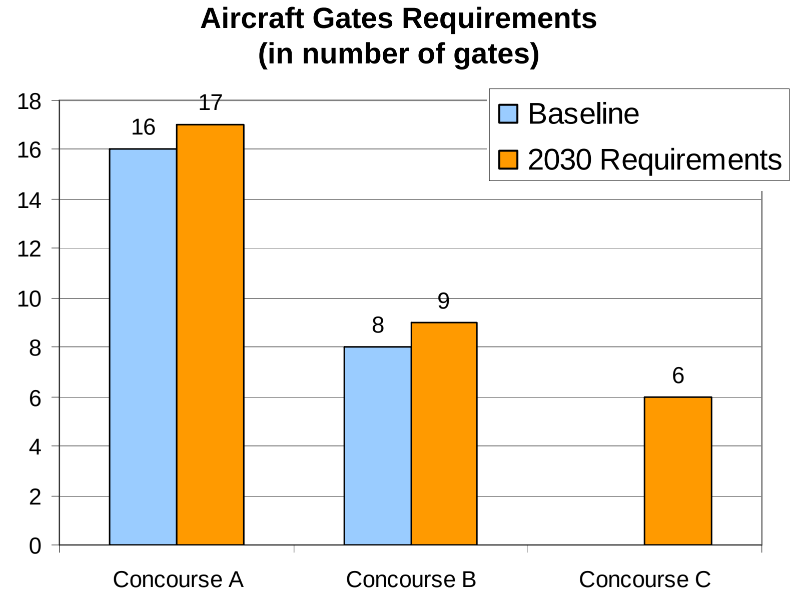
- **Functional areas:**
  - Airfield
  - Passenger terminal complex
  - Ground transportation
  - Air cargo
  - General aviation
  - Airport / airline support

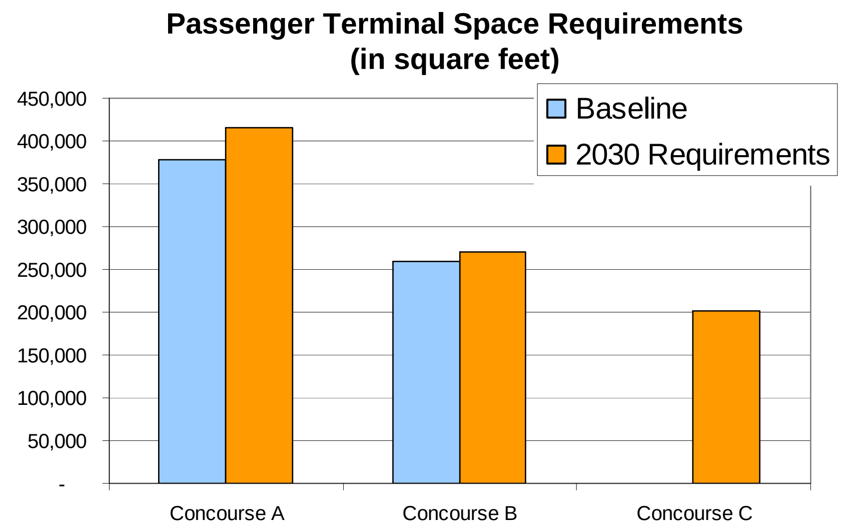

Airfield Requirements

- **Runway length**
  10,000-11,500 ft runway needed to accommodate larger aircraft for long-haul flights
- **Runway 12L-30R**
  Upgrade to air carrier runway
- **Taxiway system efficiency**
  Targeted improvements to improve aircraft flows and interface with apron
- **Navigational aid/visual aid**
  Add Cat I instrumentation to Runway 21

Terminal Complex Requirements

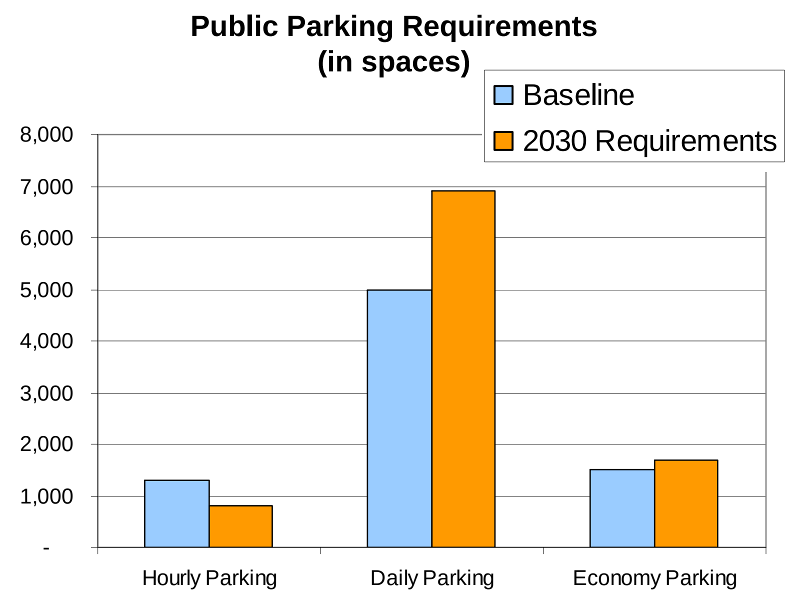
- **Aircraft gates**
  - Baseline: 24 contact gates (16 in Concourse A and 8 in Concourse B)
  - 2030 requirements: 32 gates total
- **Passenger terminal space**
  - Targeted improvements to Concourse A to accommodate increased demand
  - Concourse B meets 2030 facility requirements as designed
  - New concourse needed after 2020





Ground Transportation Requirements

- **Access and perimeter roadways and curbside facilities:**
  - Planned roadway improvements, currently under construction, will be able to accommodate the anticipated 2030 demands
- **Public parking**
  - 2,300 new spaces required in daily and economy lots
  - Hourly parking is adequate



- **Rental car facilities**
  - Airport should implement a consolidated rental car facility to improve passenger level of service.

Cargo Facility Requirements

- **All – cargo facilities**
  - **Existing facilities:** 100,000 square feet of warehousing space and 2,000 square yards of apron space, on a total area of 34 acres
  - **2030 requirements:** Area reserved for cargo should increase from 34 to 54 total acres to accommodate additional apron and warehousing space

- **Belly cargo facilities**
  - Adequate throughout the planning period

GA and Support Facility Requirements

- **General aviation**
  - **Existing facilities:** six Fixed Base Operators, and aircraft storage facilities
  - **2030 requirements:** Area reserved for GA should increase to accommodate additional apron and aircraft storage facilities
  - Additional T-hangar space should not be provided at SAT to encourage the use of Stinson Municipal Airport for smaller GA traffic.
- **Airline support**
  - **Ground service equipment storage and maintenance:** GSE storage requires incremental increases by 2015
  - **Airline catering and flight kitchen:** sufficiently sized and located off-airport
  - **Fuel storage and dispensing system:** increase fuel storage facilities from 840,000 gallons to 1.3 million gallons in 2030
- **Airport support**
  - **Aircraft rescue and fire fighting facilities:** adequately sized but may require remodeling in the planning period
  - **Airport maintenance facilities:** area reserved for maintenance facilities should be doubled from 4.7 to 9.7 acres
  - **FAA facilities (Airport Traffic Control Tower and TRACON):** adequately sized. ATCT may exceed its useful life within planning horizon.

Goals and Objectives




Guiding Principles

- Create the foundation for the long-term development of the Airport necessary to support the regional economic and social development
- Take a “big-picture”, long-range planning approach
- Recognize that the region has non-cyclical growth drivers that need to be considered in the planning process; e.g. military and medical
- Maximize facilities and land use
- Make the master planning process inclusive

Guiding Principles




- Determine how SAT fits in the future global, national and regional networks
- Ensure a high quality of design at the Airport
- Evaluate the potential of economic activity opportunities on and around the airport and position the airport as an incubator of business development
- Integrate current airport planning with planning for other transportation entities, including VIA, San Antonio-Bexar County MPO, the Austin-San Antonio Inter-municipal Commuter District, Port San Antonio and Stinson

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Vision




- **Vision Statement - TBD**
  - *Focused on what the airport master plan will need to be in order to support and fulfill the future “Destiny of San Antonio”*

SAN ANTONIO
AIRPORT SYSTEM




General Airport

- **Goal**
  - Improve the efficiency of the airport, the configuration of landside, terminal and airside components and the utilization of the airport facilities and land envelope over the long-term (next 20+ years)




General Airport

Objectives

- Create a positive and lasting first and last impression of San Antonio
- Emphasize convenience and customer service for passengers, airlines and tenants
- Balance airside and landside facility development and maximize use of available property
- Acquire property as necessary to improve airport configuration and efficiency and improve compatibility with surrounding land uses
- Take advantage of the airport convenient location to downtown, universities, medical, military and other important destinations in the region




Airfield / Airspace

Goal

- Optimize the airfield configuration and functionality to support the level of air service needed by the region in the future

Objectives

- Optimize airfield configuration for capacity and safety
- Minimize conflicts with other users of the airspace in the region
- Upgrade airfield instrumentation to reduce weather related delays and to support increased traffic




Terminal

- **Goal**
  - Plan for terminal improvements that will create a memorable gateway to the region with enhanced customer service and the ability to accommodate future increases of passenger traffic




Terminal

- **Objectives**
  - Ensure convenience and accessibility across the terminal platform
  - Make the terminal a showplace of functionality and design that reflects the local feel and uniqueness of San Antonio
  - Use the public art program, excellent restaurants and retail to make the airport a destination in and of itself
  - Allow sufficient space for appropriate configuration of security facilities to enhance customer service

Ground Transportation

- **Goal**
  - Enhance customer, passenger and tenant access to the Airport

Ground Transportation

- **Objectives**
  - Maintain the fast, easy and convenient access to and from the Airport
  - Improve the on site airport circulation system, including pick-up and drop-off, access to car rental facilities and parking
  - Optimize the integration of the Airport with the existing and future regional transportation network
  - Plan for future connectivity between the Airport and rail transit

Environment

- **Goal**
  - Enhance the sustainability of the Airport

- **Objectives**
  - Be a showcase of stewardship, sustainability, efficiency and innovation
  - Address the environmental impacts created by aviation activity and related transportation activities, such as noise and air pollution
  - Enhance land use compatibility with the surrounding environment

Financial

- **Goal**
  - Diversify and stabilize airport revenues to ensure a sustainable financial future

- **Objectives**
  - Maintain the cost competitiveness of the Airport
  - Develop plans to enhance non-aeronautical revenues
  - Produce a financially feasible Capital Improvement Program

Regional Development




- **Goal**
  - Enhance the role and relationship of the Airport to the social and economic future of the region




Regional Development

- **Objectives**
  - Develop facility plans that will facilitate the availability of non-stop and direct national and international flights
  - Create synergies with regional economic opportunities and other regional investments and assets
  - Develop economic activity opportunities on and around the Airport
  - Coordinate airport identity with regional marketing and branding strategies

Future Technologies

- **Goal**
  - Incorporate new technologies that would enhance the operations and efficiency of the Airport

- **Objectives**
  - Provide flexibility to accommodate technological advances
  - Explore opportunities to employ sustainability technologies

Use of Goals and Objectives in Alternatives Evaluation

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Alternatives Methodology

Public and Agency Participation

TIER I SCREENING
Full Range of Alternatives

Eliminate less favorable alternatives

Alternatives selected for further analysis

Public and Agency Participation

TIER II SCREENING
Evaluation of feasible alternatives based on goals and objectives and on sustainability criteria:
- Regional Socio/Economic Benefits
- Financial Feasibility
- Operational Efficiency
- Customer Service
- Environmental

Are the long-term capacity needs met?

Does the alternative require land acquisition/tenant relocation?

Can the alternative be developed in phases with minimal impact?

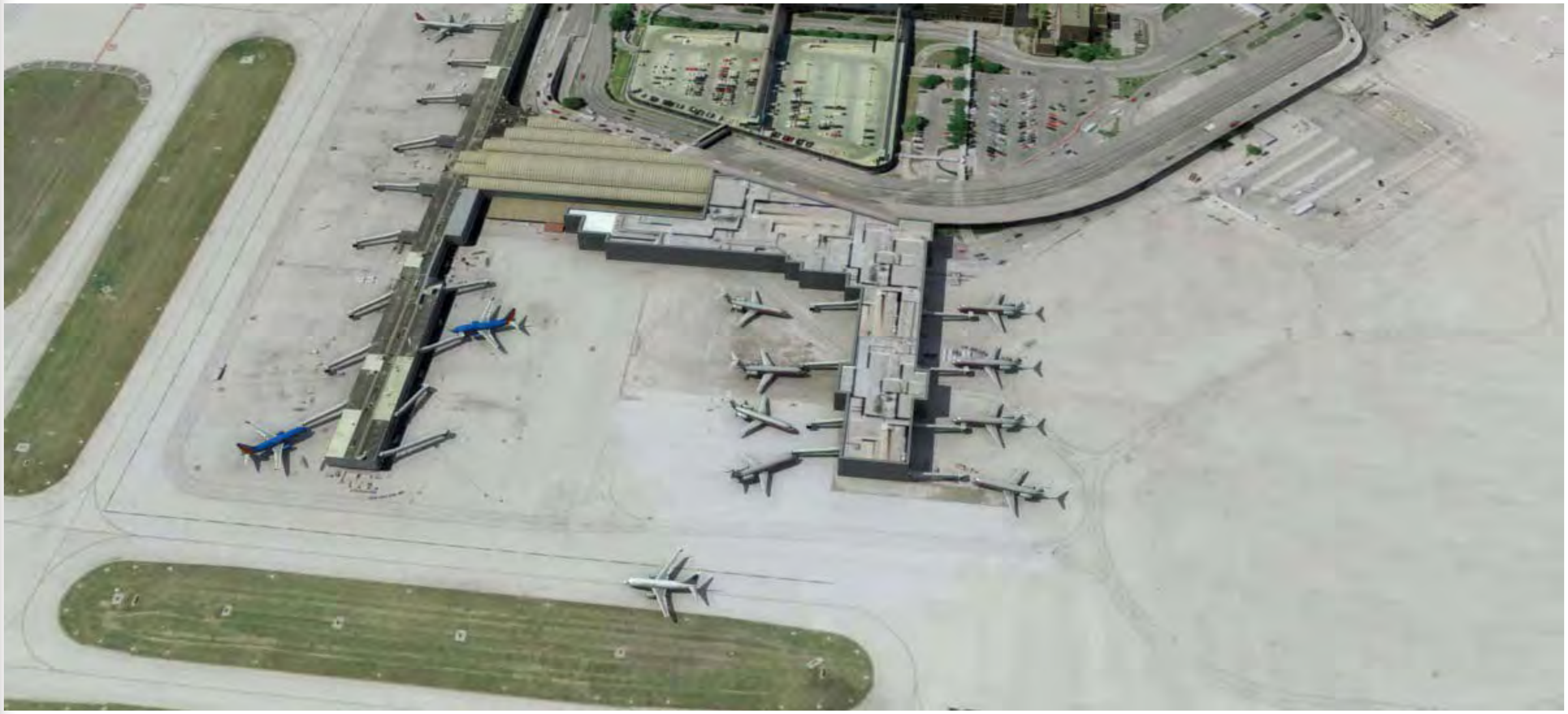
Is there optimal reuse of existing facilities?

Selected preferred development alternative




SAN ANTONIO AIRPORT SYSTEM

Virtual Reality Baseline Model






Next Steps

- **Master Plan Analysis**
  - Complete the SOLUTIONS effort to identify development alternatives through 2030
  - Begin examining financial aspects of future development
  - Complete by end of 2010
- **Upcoming Meetings**
  - Next committee meetings to be scheduled in April and December

VISION 2050
A Flight Plan for San Antonio's Future

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